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Expertise is the foundation of our success. We have been developing this expertise for over three decades, applying it every day to further enhance the quality of our products and services. Our expertise is manifold: It creates trust with our patients and customers. It thrives on continuous dialog and is often to be found in the most minute detail. In this magazine, you will get to know people who lend a face to our expertise.

DECADES OF EXPERTISE

PAVE THE WAY FOR TOMORROW’S KNOWLEDGE AND COMPETENCE
For Fresenius Medical Care, 2010 was as successful as it was eventful. We forged new partnerships for the benefit of our patients, further advanced our business with products and services, and set the course for our continued success.

**U.S.**

*Dr. Ben Lipps presented with awards*

Dr. Ben J. Lipps, Chief Executive Officer of Fresenius Medical Care, is honored twice in 2010 for his business achievements. The University Kidney Research Organization (UKRO), a non-profit organization that supports medical research into the prevention and treatment of kidney diseases, presents Dr. Lipps with an award for his “outstanding achievement in business and industry for the benefit of kidney patients.” Dr. Lipps is also named “Strategist of the Year” for the second consecutive year; the strategy consulting firm Bain & Company, the WHU Otto Beisheim School of Management and Financial Times Germany award this title to chief executives who provide their companies with a clear strategic direction, enabling them to achieve above-average increases in revenue, employment, profitability and capital market performance.

**ASIA-PACIFIC**

*Clinic network expanded*

In May, Fresenius Medical Care takes over the second-largest dialysis provider in Asia-Pacific, Asia Renal Care, thus strengthening its position as market leader in dialysis services in the region. Around 5,300 patients are treated in some 80 Asia Renal Care clinics. In Asia-Pacific, about 750,000 patients are reliant upon life-sustaining dialysis treatment.

**SWITZERLAND**

*New joint company for pharmaceuticals*

In December, Fresenius Medical Care and the Swiss Galenica Group found a joint company: Vifor Fresenius Medical Care Renal Pharma Ltd., as it is called, is to develop and distribute innovative drugs for kidney patients. These include medications to treat anemia and regulate the bone metabolism in both dialysis patients and people in earlier stages of chronic kidney disease who do not yet need dialysis treatment. Fresenius Medical Care will hold a 45% share in the new company.

**HAITI AND CHILE**

*Aid for earthquake victims*

2010 is overshadowed by two devastating earthquakes in Chile and Haiti. In both countries, Fresenius Medical Care provides rapid assistance in treating dialysis patients: In January, the Company donates around twelve tons of dialysis material to Doctors Without Borders and other organizations on the Caribbean island of Haiti. At the end of February, within 48 hours of the disaster in Chile, the employ-
ees of Fresenius Medical Care’s crisis management team are able to put almost all of the Company’s own clinics back into service, and arrange treatment for patients of the one clinic which is no longer operable. In close cooperation with the Chilean Ministry of Health, the Company also creates capacity to treat up to 400 additional patients from areas affected by the earthquake.

In November, just in time for the most important industry conference, Kidney Week, and for the introduction of the new reimbursement system for dialysis in the U.S., Fresenius Medical Care launches the 2008, its latest series of hemodialysis machines for the North American market. The 2008 is the first therapy system approved in the U.S. that is equipped with both modern dialysis technology and innovative software for clinical treatment data. This means that doctors and clinic staff can quickly and easily capture the data needed to measure the quality of treatment, directly at the patient’s chairside. The purpose of the machine is not only to simplify day-to-day processes in the clinic and further improve clinical data and quality management, but also to support doctors and clinic operators in the U.S. in meeting requirements for documenting treatment outcomes as part of the new bundled reimbursement system.

In September, Fresenius Medical Care opens a new department for research and development in sorbent technologies in the Austrian town of Krems. Since 2003, Fresenius Medical Care has produced sorbent technologies in the Austrian town of Krems. In September, Fresenius Medical Care opens a new department for research and development in sorbent technologies in the Austrian town of Krems. Since 2003, Fresenius Medical Care has produced sorbent products for various sorbent therapies in Krems – for example, to be used in the Prometheus system for the detoxification of patients with liver failure or in procedures that remove antibodies from the bloodstream in serious autoimmune diseases. With this new department, Fresenius Medical Care has further intensified its relations with the Danube University Krems. The Company has been supporting the university’s research on extracorporeal blood-purifying procedures (i.e., ones that take place outside the body) with sorbents for almost 20 years. The long-standing partnership with the specialist team at the university was also one of the reasons for the decision to invest further in Krems.

The International Association of Emergency Managers (IAEM) commends Fresenius Medical Care North America for its integrated crisis management system. Emergency experts from the IAEM praise the professional manner in which the Company responded to crises such as the severe earthquake in Haiti, the H1N1 pandemic and, previously, hurricanes on the U.S. coast, as setting an example for the entire industry.

In Australia, Fresenius Medical Care provides support for a solar-powered dialysis unit – the first in the world to the best of our knowledge. A business partner, the head of nephrology at an Australian health care provider, builds the solar unit on the roof of his dialysis center with funding from Fresenius Medical Care. Even during the relatively dark winter months of 2010, the unit is able to cover more than 90% of the energy required for dialysis equipment and water treatment. On average over the year, the dialysis unit even generates more electricity than it consumes in these two areas. The energy gained is fed into the local electricity grid and offsets against overall electricity costs. The joint project has met with interest from professional circles, for example, at ASN Renal Week, the leading industry conference in the U.S.
Interview

Quality in a Bundle

Robert Sepucha, Senior Vice President Government Affairs at Fresenius Medical Care North America, on the new bundled reimbursement system for dialysis in the U.S. and why the mission to offer higher quality at a lower cost can be a long-term opportunity for everyone involved in the health system.
Mr. Sepucha, on January 1, 2011 a new law on the reimbursement of dialysis treatment came into force in the U.S., the enactment of which occupied you and the entire dialysis sector for more than two years. The legal text as it stands contains over 900 pages. Rice Powell, the CEO of Fresenius Medical Care North America, had twelve different working groups set up with the view to preparing your company for the introduction of the new reimbursement system; he even goes as far as to talk of a “monumental change” in a letter addressed to the Company’s employees. What is so monumental about the new system?

This is a completely new concept here in the U.S., which for the first time ties reimbursement with satisfaction of quality benchmarks. It is also a dramatic change to a system that had remained practically unchanged for almost two decades. It’s important to note that the reform, which was mandated by Congress in 2008, was called for over many years by ourselves, physicians and patient organizations.

What exactly has changed?
Let me put it in simple terms: Therapy for patients with chronic kidney failure entails several components. In addition to the actual dialysis treatment, there is also, for example, medication for anemia and other associated symptoms, as well as laboratory tests to ensure that the therapy is matched to the needs of the individual patient. Until now, these components have been reimbursed as individual services by CMS (Centers for Medicare and Medicaid Services), the federal health care authorities in the U.S. The new payment system, which came into force at the beginning of January, now bundles several of these elements into a “service bundle”, which is then reimbursed in total as a lump sum. Now, the dialysis treatment itself along with certain drugs and laboratory tests are included in a single bundled payment, and additional drugs will be added in 2014.

And what is the aim behind this?
The government hopes to ensure above all that the interests of patients, physicians and providers are aligned to provide the best possible care to dialysis patients as efficiently as possible. This is an expensive population to care for – approximately 6% of all Medicare health expenditures goes to the treatment of dialysis patients and these patients make up only about 1% of the entire Medicare patient population. In addition, the number of people with chronic kidney failure is increasing from year to year. The new payment system was put in place in part to achieve greater efficiency, which is driven in part by an initial reimbursement reduction of 2%. Furthermore, beginning in 2012, Medicare will link the reimbursement system to the quality of the dialysis treatment for the first time. This means that anyone providing dialysis treatment in the future who wishes to receive the full reimbursement level must be able to demonstrate that they have met certain quality targets with their patients. If facilities fail to meet these targets, their reimbursement could be cut by up to 2%. Given that more than 80% of our patients are government-insured, this is a significant change for us.

From the viewpoint of the authorities, a call for better quality at lower costs appears feasible. But can this also be in the best interests of Fresenius Medical Care?
Yes, because as the operator of the world’s largest network of dialysis clinics, we know from personal experience that a better quality of treatment can contribute considerably to reducing costs. If we take a more holistic approach to therapy – in other words, providing high-quality treatment where the individual components of care are closely coordinated – we can not only improve outcomes, but also reduce the cost of care. This is how risks for patients are kept to a minimum and additional costs are avoided, such as hospitalizations for medical complications. Several years ago, we introduced a patient-centered quality program in our clinics called UltraCare. In addition, we collect clinical data in line with recognized standards for every treatment in order to assess and further improve the quality of treatment. In many ways, the government’s new reimbursement system validates our historical approach.

What do you mean by that exactly?
Until this year, the costs for many services related to dialysis were calculated individually. As a result, we weren’t able to take a truly holistic approach as to how patients could be cared for. We now have greater freedom to deal with this question more closely and to put to greater effect the potential of the data we collect in our clinics. From our point of view, the new system is an opportunity for patients as well as dialysis providers.
It is a credit to you that you wish to continuously improve the quality of treatment for your patients. But surely there are also tangible economic reasons why you have supported this new legislation?

Of course there are. But the one cannot be viewed separately from the other. If we as a company wish to continue to deliver high-quality treatment to our patients in the long-term, then we have to recognize economic reality. At the same time, it also cannot be in our interest to provide our patients with anything but the highest quality care. In short, they are the reason we exist. If there is an improvement in their quality of life and life expectancy, then that can only be a benefit, both for them and for us. Nevertheless, we also have to be part of the solution in addressing the rising cost of health care both in the U.S. and in countries across the world. In short, we must continue to contribute to improving quality and reducing costs all at the same time. However, and this brings us back to your question, we cannot do this alone. At some point, the public sector must meet us half way.

How has the government done that?
For the first time, an annual inflationary adjustment was established for dialysis providers. For more than a decade, the reimbursement level was not at all in line with inflation and the associated increases in expenditure. With the large number of patients in the U.S. who are insured by Medicare, this presented difficult challenges, especially since other sectors had the benefit of such updates. Therefore, the annual inflationary adjustment that is now included in the new bundled payment system is a major success for us. However, we also see long-term potential in this new reimbursement model in general.

What potential do you mean exactly?
This brings us back again to the holistic approach to therapy. What we have here at the outset with the “bundle” could evolve in a few years’ time into a completely integrated model of care for dialysis patients. A dialysis provider would then be responsible for the entire therapy and all associated phases, from dialysis and all medication and laboratory tests to the treatment of concomitant illnesses, and, possibly, even the creation of the vascular access for the patient, in return for a reimbursement level as a lump sum. We think this is the real value, not just for us as a company, but also for patients and the entire health care system. By allowing us to care not just for the patient’s dialysis needs but also for their multiple co-morbidities and other medical needs, we can help them lead healthier lives and reduce their overall cost of care.

All of the Fresenius Medical Care clinics switched to the new reimbursement system at the beginning of this year even though the legislators allowed for a four-year transition period…
This was a conscious decision we took in the interest of the patients, whom we wanted to spare the transition period. From a financial perspective, a four-year transition would have been more sensible. We hope that the legislators will honor this.

How and why should they do so?
By lowering the so-called “transition adjustment” from the current figure of minus 3.1%. This adjustment was put into place to compensate for the fact that the government has given the dialysis providers a four-year right to choose between the old and the new reimbursement system. Unfortunately, the government’s assumptions in this one case turned out to miss the mark. For example, the government had assumed that only 43% would fully opt into the new system. However, it turns out that, according to calculations made by our industry association, around 90% of facilities have elected to fully participate in the new system. This means the transition adjustment should be set at a figure of only minus 0.3% instead of minus 3.1%. We are hopeful the administration will make this change promptly to avoid an inadvertent cut to Medicare dialysis funding.

In fact, all this doesn’t sound too complicated. How is it then that the whole thing was so demanding that it took negotiations lasting months, hundreds of experts and over 900 pages of paper to finally agree on the legislation?
What was most complex was the fact that the new lump sum reimbursement in the strictest sense is not a lump sum reimbursement at all. We do receive a set basic reimbursement rate per patient, but this amount has to be adjusted using complicated mathematical formulas to take into account a number of factors. These factors involve, in part, the individual patients and their health history. The cost of caring for a 65-year-old dialysis patient who is also suffering from sickle cell anemia, for example, will look completely different from that of a 30-year-old
Beginning in 2012, dialysis facilities must meet certain quality targets with their patients; up to 2% penalty for noncompliance.

*Annual inflationary adjustment.
person with no associated illnesses who requires a less intensive form of treatment. Furthermore, it first had to be agreed in principle what is to be included in the “bundle” and at what cost. All of these calculations took time to complete, and the government took care to involve providers, patients, physicians and the entire community throughout the process.

And how, as a company, do you get involved in such a process?

That was also a very intricate undertaking. After the detailed proposed rule explaining the new payment system appeared in September 2009, the government asked us and other members of the community to provide comments within three months. As a result, we did not have much time. We needed our own conclusive data in order to evaluate and, if necessary, to refute the calculations set by the authorities. And we also needed to assess the real-world impact of the government’s proposal on the day-to-day practice of dialysis. As a lawyer and former Congressional staffer, my specialty lies more with legal arguments and the political process. To assess the operational impact of the rule, we therefore quickly assembled a team of experts from several corporate units, which included physicians, senior managers from our dialysis service operations and financial experts who all had a deep understanding of the business. And then we got down to work. In addition, because the new payment system was going to dramatically impact the entire sector, we also worked closely with the entire kidney community, including other dialysis providers, patient groups and physician associations. So at every stage of the process – during and after the formal comment period as CMS continued to develop the final rule implementing the new system – we and other interest groups sat around the table with CMS to explain our positions and highlight our concerns. We also had meetings with politicians on Capitol Hill and key stakeholders within the Obama administration. This involved both formal exchanges of information as well as individual discussions with elected officials. We formulated numerous comments on the draft legislation and tried to represent our interests at every level available to us.

Some people would just call that lobbying.

I also call it lobbying. But to my mind that is not something at all negative. Instead, it is a means for the private sector to provide government officials with the data and perspective necessary to get the final regulation right. We greatly appreciate the work done by CMS and the administration in this process. I’d like to stress that. Those responsible for the development of the new payment system were very thorough and very conscientious. Where they had reliable data, they reached reasonable and justifiable conclusions. However, sometimes they were not always correct in terms of the calculations and interpretations of this data. It was our task to highlight these areas for CMS and, where possible, to show them that there was a better way. At the end of the day, mistakes made here can later have an impact on the quality of treatment. And for us, quality of care is our top priority.

In what respect were the representatives of the authorities wrong?

One example I can give is to do with the phosphate binders and calcimimetics. These medications are needed by many dialysis patients in order to regulate the amounts of calcium and phosphorous in the blood and the consequences if these concentrations are too high, such as bone diseases or vascular calcification. Initially, the authorities wanted to include this medication in the “bundle” at a rate of $14 per treatment. Our data, however, showed that the true cost was approximately $45 per treatment. Significantly, CMS accepted this argument and decided not to include these medications in the bundle before 2014. Without our involvement and the engagement of the entire community on this issue, the bundle would have been dramatically underfunded.

And now that the law has come into force, how does it affect your company?

We hope it will have a positive impact. For example, our product business recently introduced the new 2008T to the market. This hemodialysis machine is serially equipped with a module that collects and evaluates quality data that dialysis providers will need to deliver as a basis for reimbursement. By anticipating what providers will need to deliver in order to recover reimbursement, our product business is seizing on a significant market opportunity. Of course, other parts of the new system have also required adjustment. For example, while we already have a great deal of experience in documenting our own treatment quality, we are updating our systems and processes to adapt to CMS’ new quality incentive program that goes into effect in 2012. Such a change in the system has an effect on all segments within the Company, from accounting to IT.
FISH ON THE HOOK AGAIN

Dialysis patients cannot survive without regular treatment, but how do they live their life with dialysis? Robert Smith from Australia has been able to rediscover his passion for fishing and camping – thanks, in part, to his friend Matthew Highland, a dialysis technician at Fresenius Medical Care.

“I would never have thought it possible that, despite dialysis, I would be able to go fishing again.”

Fresenius Medical Care 2010
In September last year, I landed a 75-cm-long barramundi while on a camping holiday in Kakadu National Park. That was something really special for me because it was the first time I had carried out dialysis treatment in the great outdoors. I simply took my nocturnal home dialysis machine with me on the back of my pickup. While I’m camping, I keep the machine and the water treatment unit in my tent. It’s really great. Matt, a technician from Fresenius Medical Care, came up with the idea. We’re good mates, you see, because he’s also a keen angler.

Fishing and camping are my hobbies – I can’t imagine life without them. Every Saturday morning, I present a radio show about fishing on our national radio station ABC. In 2007, a kidney disorder suddenly made me dependent on dialysis treatment. I was so ill that I no longer knew who I was. Even after I started to feel better again thanks to dialysis, I still saw camping and fishing as a logistical impossibility. My life just seemed to revolve around dialysis and going from home to the clinic and back again. All that changed when I switched to nocturnal home hemodialysis. I never thought I would ever feel so good again. I now hook up to the dialysis machine almost every night at home. I can eat and drink what I like. I sleep well, my blood count is fantastic and, thanks to my friend Matt, I can now take my dialysis machine with me whenever I go fishing and camping. The next thing we want to do is install the machine in a campervan. That way, my wife and I can start traveling across Australia again for weeks at a time, the way we always used to. My biggest dream, however, would be a trip to Bali.

The idea of building a mobile dialysis machine for Robert occurred to me while installing one of our machines in another patient’s home. The man asked me if he could also move his home dialysis machine around the room. That evening, while I was at a party, his question suddenly shot through my head again and I thought: why be restricted to just moving the machine around the room, why not move it outdoors? After all, a machine only needs electricity and specially purified water, both of which can be arranged almost anywhere these days if the right technical precautions are taken. So building a mobile dialysis machine should be a viable option, if not an easy one. I called Robert immediately. For years now, I’ve been listening to his radio program but when we first met at the clinic, I didn’t realize he was the presenter. We chatted about fishing and he invited me to appear on his show. Since then, we often talk shop about our shared hobby.

Of course, I had to make some technical adjustments to the dialysis machine so that he could take it with him on his camping and fishing trips. I also installed a small water treatment unit, which allows Robert to use normal tap water from the campsite. He uses a boat winch to help lift the machine off the truck – an idea he came up with himself. I often adapt dialysis machines to make them suitable for traveling. The Northern Territory in Australia covers a huge area, and has a population of only 250,000. We have even fitted a truck with two dialysis machines for the government so that nurses can travel across the territory and provide regular treatment to the Aborigines, Australia’s indigenous people.
A dialysis machine is a complex piece of equipment built for a very demanding task. Behind this complexity, you will very often find Schweinfurt – a small city in central Germany that is home to the largest production facility for dialysis machines in the world. And it is here that the hallmark of Fresenius Medical Care – its expertise – can be found, even in the smallest detail.

When a customer of Fresenius Medical Care places an order for a dialysis machine, a sales employee enters the desired configuration data into a computer. Each region of the world has its own preferences and practices, and therapies must be precisely tailored to patients' needs. Going by the customer's requests, the sales employee selects individual settings and modules by mouse click, from the right voltage and plug for the country to software in the local language. Every day, large numbers of these virtual order forms arrive at the Fresenius Medical Care plant in Schweinfurt. Thus begins the life of every second dialysis machine in the world.

Schweinfurt, early in the morning. The factory floor is bathed in light. We gaze out over a sea of dialysis machines, lined up in their dozens at the various production points. From a distance, they almost seem like robots at rest, while busy people work all around them. Yet it's noticeably quiet. People have been hard at work here since 5 a.m., when flextime starts. Many of the more than 1,000 employees at the plant like to get an early start to their day. Some of them are working hard at assembly benches lined up in rows, pulling white plastic tubes through a perforated panel. Tubing is everywhere. What looks to the uninitiated like a confusing tangle is actually a clear layout which an expert instantly recognizes, like a tailor reading a pattern. "This is the hydraulic system for our 4008 series," plant manager Dr. Christoph Sahm says. "We make it in 50 different versions, depending on customer requirements." The people who work here have all these variants in their heads. "After about two years, you've built every version we make at least once," says one of the assemblers. Sometimes you simply need this level of expertise.
TUBING TO BE TRUSTED
The proper attachment of tubing is anything but a trivial matter. The safety and reliability of dialysis treatment depends on these tubes and on the pumps and valves they are connected up with. During just one treatment session, up to 120 liters of blood are pumped through a filter, known as the dialyzer. The dialyzer is attached to the outside of the machine, and is connected by tubes to both the patient’s circulatory system and to the machine. During treatment, the patient’s entire blood supply flows through the dialyzer several times. At the same time, the dialysis machine prepares dialysis solution from ultra-pure water and a concentrate, and pumps it in the opposite direction through the dialyzer, where it picks up the substances filtered out of the blood. Each minute, about half a liter of dialysis solution passes through the dialysis machine to remove from the blood the filtrate substances and excess water which, due to kidney insufficiency, the patient cannot excrete in urine like healthy people can. The dialysis solution flows through the many meters of tubing and passes through valves and pumps in precisely controlled amounts. All these minutely adjusted components must work reliably, even on their one-millionth use. These machines often remain in service for a decade or more. This demands a great deal from the machines — and from the people who develop and produce them. Here again, the expertise at the Schweinfurt plant plays an important role.

OFF BALANCES AND BUDGETS
Bearing proud witness to this expertise is a glass case right next to the entrance. Plant manager Christoph Sahm always stops here when he is giving visitors guided tours of the facility. The showcase holds the first generations of various dialysis machine components, each a pioneering achievement of Schweinfurt dialysis technology. By comparison with their successors from this state-of-the-art production facility, they almost seem antique. Among the items on display are two dark red concave plastic discs. Sahm picks them up. “This was one of our first balancing chambers. It is now over 30 years old,” he says. “And it’s still a key component, even in our latest dialysis machines. Over the years, we have continually developed it, and we still manufacture it ourselves.” Sahm also explains the origin of the name “balancing chamber”. “It’s a module that regulates the volume of fluid moving through the machine. It balances the amount of fresh dialysis solution flowing through the dialyzer and picking up harmful substances in the blood with the amount of used dialysis solution. Put simply, the balancing chamber makes sure that the right amount of dialysis solution is pumped to the filter and back to the dialysis machine — for the right ‘balance’ after treatment.”

Christoph Sahm presses on through the plant. He greets workers with a handshake and stops briefly to ask how work is going. Were the recent workflow changes really an improvement? Efficiency and its constant enhancement throughout the plant are important to Sahm, because growth at the Schweinfurt facility is keeping pace with the increase in the number of dialysis patients in the world. When the plant opened in 1979, the employees made fewer than 100 dialysis machines annually. Today, it is tens of thousands each year. Christoph Sahm reckons that he will have to double the plant’s present production capacity again within the next ten years. At the same time, customers want quality at affordable prices, especially at a time when health budgets are getting ever tighter. Sahm says this is why he wants to make
THE PLANT WANTS TO EXPAND AND AT THE SAME TIME REMAIN EFFICIENT.

Within the next ten years, the plant is expected to double its production capacity again – remaining as efficient as possible in the process. Because customer demand is growing, and health budgets are shrinking.
production as lean as possible, for example with more flexible working schedules to optimize utilization of the production machines. “Together with the works council we adapted our shift system,” Sahm explains. “Now, there is a free hour between the two shifts in which the production machines can continue running without operators.”

The facility tour leads us past the production line for the futuristic 5008 series, which has won both an innovation and a design award. One of the plant’s several production units is devoted entirely to the 5008 series. The glass-walled administrative offices are arranged around the production areas. There, buyers, heads of department, quality assurance and technical support people have their work stations. “Each department is its own profit center,” explains Sahm, “like companies within the company. And each one has to generate a profit.” That, too, is a question of expertise.

**IF YOU WANT IT DONE RIGHT ...**

The plant has its own plastic injection molding and machining equipment for making components. In a separate area, highly sensitive machines automatically fit the circuit boards with the electronics and software that will later control the dialysis machine. In another area, workers solder circuit boards by hand – specially customized components that cannot be produced automatically. This combination of disciplines and production methods, from fully automated to fine manual craftsmanship, is orchestrated by Christoph Sahm and head of operations Rolf Näder. They have already twice received the international industry-wide “Best Factory Award”. This prize is awarded to European companies by the French management school INSEAD and the Koblenz School of Management (WHU) – for excellence in production management giving the respective companies a lasting competitive advantage. Rolf Näder is quite sure that one of the competitive advantages of the Schweinfurt plant is its expertise in the production of small runs. He stands at the fully automated production area for magnetic valves. Large and small metal rings vibrate in a pan. Grippers place them on a metal housing that looks something like a printer cartridge. Around a million of these valves are produced in Schweinfurt each year. That’s not much for a fully automated production line. “We’re rigorous. If a component is important for the quality and safety of our products, we make it ourselves,” says Näder. This is especially true for magnetic valves. They control the rate of flow of liquids in the machine. Dialysis solution and disinfectant solutions flow through them as they perform this extremely delicate and important task. A malfunction would have dangerous consequences. There are up to 60 of these valves in each Fresenius Medical Care dialysis machine. “That’s not something we want to outsource,” says Näder. He speaks from experience. Attempts to have the valves produced by external suppliers were unsuccessful. Either the quality was insufficient, or the price was too high, or both.

**TRUE COMMITMENT TO RESEARCH**

Employees like Reiner Spickermann are dedicated to permanently refining the technology of the Schweinfurt dialysis machines – it’s not just a job for them. This white-haired, white-bearded physicist works in the Research and Development department of the plant. His expression betrays an almost childlike delight as he places on the table an object that only a specialist could identify at first glance – a metallic-grey component with two valves attached to it. But the function of what turns out to be a concentrate pump is anything but trivial. It ensures precise
Reiner Spickermann (right) and his colleagues have been refining dialysis technology for years now. Harald Peter makes sure that these developments can also be implemented on the production line.
EVERY MACHINE IS MANUFACTURED ACCORDING TO THE CUSTOMER’S INDIVIDUAL NEEDS.

Dialysis machines often remain in service for a decade or more. This demands a great deal from the machines – and from the people who develop and produce them.
SAFETY IS THE NUMBER ONE PRIORITY.

During treatment, the dialysis solution flows through the many meters of tubing and passes through valves and pumps in precisely controlled amounts. All these minutely adjusted components must work reliably, even on their one-millionth use.
measurement of the concentrate used to prepare the dialysis solution. Spickermann and his colleagues have spent several years of their working lives on the continuing optimization of this component. “At this point, it’s not just technologically mature, but also smart,” he says proudly, referring to the control software and microelectronics integrated into the current version. “This pump has been in production here since the 1980s. Back then, technicians used to have to spend the night in hospitals because dialysis machines were so prone to malfunction and complicated to adjust. But today, problems that used to be fixed by a technician with a screwdriver can be solved by the dialysis nurse via the computer screen on the machine. This pump is one of Schweinfurt’s unique selling propositions. Its precision, reliability, safety and service life set standards in the industry,” says Spickermann.

“INTEGRATION HELPERS” ON THE PRODUCTION LINE
The Industrial Engineering department, headed by Harald Peter, was set up some years ago to make sure that production keeps up with technological developments, and that good ideas can be put into practice. A physicist by training, Peter is a kind of “integration helper” for new components. Together with his team of engineers, he refines production processes, adapts them to growing product requirements, and works on new production technologies. For many years, Peter worked with Spickermann, whom he knew from university, in research and development at Fresenius Medical Care. He shares Spickermann’s scientific fascination for components, as well as Christoph Sahm’s passion for efficient processes. But what he really likes about his job is the wealth of expertise he can draw upon within the Company. According to Peter, you could almost call it ‘collective expertise’, with production staff, engineers, salespeople and developers – many of whom have been with the Company for years – all making their individual contribution. “Most of the time, you don’t need to go into long explanations, because people already know what you’re talking about.” Likewise, employees have a collective feel for when things aren’t going right. “When it’s about solving a problem, we can count on everybody’s shared sense of responsibility, from the assembly line to top management.”

MARATHON RUNNERS
Of course, the people at the Schweinfurt plant don’t just rely on instinct. Especially not when a finished machine has reached the end of the production line. At this point, up to 50 people have worked on the machine. Now it’s time for the “burn-in”, a stress test. Plant manager Christoph Sahm goes to a room in which dozens of machines hum away in climate cabinets. Each dialysis machine is run up in these special cabinets under extreme conditions – temperatures of up to 60°C, high pressure in the tube lines, everything in continuous operation. “Expertise is just as important in testing as it is in production,” says Sahm. After the burn-in comes the “extended burn-in” where the machines run non-stop for two days. While they are running, electronics specialists carry out detailed inspections to see whether the machines can handle the pressure without malfunctioning. Once they have given the go-ahead, the machine can be shipped – and somewhere in the world, a customer gets a dialysis machine that is configured exactly to the specifications the sales employee entered into the system with a few mouse clicks and that incorporates the wealth of expertise of a large number of people.
TRUST IN OUR OWN EXPERTISE.

Whether in highly sensitive circuit boards or magnetic valves – Fresenius Medical Care’s decades of expertise can be found everywhere in Schweinfurt, right down to the smallest detail. Plant manager Dr. Christoph Sahm is proud of this.
Some of our patients have now been living with dialysis for more than two decades – Linda Clark, for example.

She experienced first-hand the difficult beginnings of the treatment and has seen how much has changed since then, as has our former Chief Medical Officer, Dr. J. Michael Lazarus, who dedicated his whole career to improving Linda’s quality of life and that of many other patients.

I run a mobile dog-grooming salon. I drive to my customers’ homes and, if I’m not feeling too well, then they come to me.
I still haven’t gotten used to the moment when the cannulas are inserted into my arm. I always look away and hold my breath, even after 25 years of dialysis!

I always sit in the same spot during treatment. Since 1986, it has always got to be the same place. I would never go to another clinic. I need to be able to trust the place and the people. Over the many years that I have been coming, I have sort of become a second mother to all the other patients and nurses. The clinic is also my second home. Monday, Wednesday and Friday are my dialysis days – at this stage, it’s almost as if things had always been this way.

I was 20 when my doctor told me I had kidney disease. I cried and didn’t speak to him for days. I was afraid of dialysis. Then I told myself: Okay, if you want to stay alive, then you’ll just have to do it.

Since then, I have experienced three generations of dialysis machines. The first models looked like washing machines. Nowadays, they remind me more of stereo systems.

Over the years, treatment has continually improved and doesn’t take as long anymore. For example, in the past, kidney patients with anemia were given blood transfusions – a very unpleasant experience. Today, luckily, anemia can be treated with medicine.

Dialysis has kept me alive. People on the street can’t even see that I am suffering from this illness. I can go shopping, get dressed up, visit friends – just like everyone else. I even run a mobile dog-grooming salon. I drive to my customers’ homes and, if I’m not feeling too well, then they come to me. A few years ago, I even groomed Dr. Lazarus’ poodles. They were really lovely animals.

When I was teaching at Harvard University back in the 1970s, there were only three large dialysis clinics in the u.s. In Harvard, we treated 50 patients and a dialysis session took six hours. The machines were very basic and I’m afraid I have to say that treatment entailed an almost unreasonable level of stress for the patients. However, back then, there was no alternative and at the end of the day, the quality of therapy could only be measured by whether a patient survived or not.

Today, in the u.s., more than 20 national quality standards apply. These parameters, various blood counts for example, allow clear statements to be made about the success of the treatment. They are the reason why patients like Linda Clark can still lead an active life after more than two decades of dialysis.

When Linda Clark received her first dialysis treatment in the mid-80s, the dialysis provider National Medical Care, which is now part of Fresenius Medical Care, and the u.s. Department of Health had just started to develop these quality standards. And we scientists established the first basic findings on medical correlations, for example, what potassium, magnesium, phosphate or urea concentrations in the blood correlate with a positive state of health in the patient.

The standards developed back then are continually being adapted to new findings. The government will now also use them as part of the new reimbursement system in the u.s. in order to calculate the level of reimbursement based on the quality of the treatment. We achieve these quality standards with 96% of our patients, that’s top ranking in our industry. According to the latest internal survey we conducted in October 2010, 93% of our patients described our treatment as “excellent” or “good”.

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Over the many years that I have been coming to the clinic, I have sort of become a second mother to all the other patients and nurses.
Восток—Запад вместе
[vostok zapad vmeste]
THE EAST-WEST
CONNECTION
FEATURE & INTERVIEW
How does a dialysis company based in Germany manage to achieve success in Russia – a market so vast that it encompasses eleven time zones and in which conditions vary significantly from region to region? For Fresenius Medical Care, the answer is obvious: It takes a pioneering spirit, long-term commitment, intercultural expertise and the conviction that there is hardly any investment more worthwhile than the transfer of knowledge.

When Dr. Aleksey Myagkov was studying medicine in Moscow in the 1980s, a certain “sgd-8” attained fame in Soviet dialysis. You could even say it was infamous. Dr. Myagkov’s smile is slightly bitter as he utters the name again today, three decades later. “This abbreviation was not a code name or a secret agent along the lines of 007,” he explains, “but a dialysis machine built in the Soviet Union.” Dr. Myagkov describes the machine as “frustratingly robust”. It never worked well, but it always worked. It simply never broke down. Yet the authorities lacked the money to buy new, better dialysis machines. “The old equipment still works,” the administration would say.

Aleksey Myagkov tells us this anecdote with a slight shake of the head. He has experienced Perestroika, an attempted coup d’etat, the collapse of the Soviet Union as a superpower, wars and wild inflation. He himself also contributed to a few – albeit far less widely known – chapters of Russian history: In 1988, as head of the dialysis unit of Moscow’s Municipal Hospital № 7, he initiated the first USSR state order to be placed with Fresenius Medical Care. It was agreed that the Company would deliver several dozen machines. Finally, the tough old sgd-8 was being replaced, something that would have been inconceivable only a couple of years earlier. But all that is history.

Today, he is the managing director of the Russian subsidiary of Fresenius Medical Care in Moscow. He is sitting in a conference room in the Company’s offices. His hair might be slightly grayer than it was then, but his blue eyes still have a youthful shine to them. Before him, on the conference table, lie a smartphone and a trendy iPad, witnesses to how times have changed since the present day. In Moscow, old men and women step onto rickety trolley buses crawling slowly through the Moscow traffic jams, while black limousines with flashing lights race past them on the central lane.

The Russian subsidiary of Fresenius Medical Care is slightly outside the center, and away from the traffic jams. Above the building entrance, the Company’s name is inscribed in Latin and Cyrillic letters. Dr. Aleksey Myagkov has been working here for 20 years. The Company has continued to grow and invest, even in periods of economic crisis and political instability. No personnel has been dismissed. Instead, the Company has penetrated new markets and expanded. “We have been able to continuously boost our market share in the past. This long-term investment in the location was also good for our reputation in Russian society,” Myagkov says today. “It created trust.”

Fresenius Medical Care has gradually expanded its business in Russia over the last three decades from a mere equipment distributor to a clinic operator and manufacturer. In Ulyanovsk, 700 kilometers east of Moscow, the first clinic for around 330 patients was built in 2008. In the same year, the Russian production site in Izhevsk started operations. The estimated quantity at the time of 600,000 bags of manufactured solution for peritoneal dialysis was raised to 900,000 in 2010. In future, the plan is to increase this capacity to more than three million units annually.

Of course, these success stories brought with them a number of challenges at first. “One problem is the public health budget, which is often limited,” Myagkov says. The situation is much as it was during the days of the notorious sgd-8, and does not differ from that in many other countries around the world. “Doctors and politicians want our products and clinics because they are known for their good quality,” Myagkov says. “But the question is always what resources are available to clinic management for purchasing products, or to regional administrations for reimbursing dialysis services in our clinics.” That’s
Dr. Aleksey Myagkov, managing director at Fresenius Medical Care in Russia, has been working for the Company for around 20 years.

In Moscow, the Russian subsidiary started out as a joint venture with a hospital in 1990. Fresenius Medical Care now owns all of the shares.

The Russian subsidiary’s headquarters are still based in Moscow. From here, Fresenius Medical Care has gradually expanded its business in the country.

“THE NAME OF FRESENIUS MEDICAL CARE STANDS FOR QUALITY IN RUSSIA, TOO.”
In 2011, dialysis treatments in private clinics are to be reim-
bursed by public health insurance nationwide for the first time. Myagkov calls this “a major step”. Nevertheless, the country is still a long way from having truly national dialysis standards. “Trust and strong partnerships will continue to matter locally. We must convince those responsible in the different regions of our quality, experience and reliability, and develop sustainable models together,” Myagkov says. In Russia, Fresenius Medical Care wants to expand its number of clinics in particular. “However, this will take some time under the current conditions,” he stresses.

Since her schooldays, Christina Winter has been fascinated by Russia, its size and its history. Her high school was the only one in her home town of Frankfurt/Main to offer Russian as a third foreign language. The lessons gave her an insight into a culture that was completely unfamiliar to her, at a very unusual time – during the Cold War. This paved the way for her present job. When she started out on her career as sales officer responsible for the Ukraine and Belarus at Fresenius Medical Care 15 years ago, she was enthusiastic about the Company’s interna-
tionality from the start: “You could hear a different language coming from every office. The fact that the business outside Germany’s borders was also handled by staff who were either from the respective country or fluent in that language, was a concept of customer relations I had never experienced before.” She immediately started to improve her knowledge of Russian. “My language skills were pretty rudimentary at first, but business partners and colleagues still praised me warmly for my efforts.” On one of her first business trips to the Ukraine, it became clear to her how important knowledge of the language was to gain effective access to the region, its people and ultimately its markets as well. She was on a train travelling from Kiev to Ivano-Frankovsk with a professor of medicine, one of the leading transplant surgeons in the country. After struggling to converse with the professor in her best Russian, he suddenly began reciting Schiller’s famous poem “The Song of the Bell” – in German. The ice had broken.

“Business is conducted differently in the Russian-speaking world to Germany or the Western world in general,” Christina Winter says. “We Germans are focused on facts: In meetings, we get straight to the point, we like set rules, fixed schedules, procedures. When in doubt, a contract is worth more than any previous verbal agreements. And we often criticize very directly. By contrast, Russians or Ukrainians are more relationship-
oriented, even when doing business: They rely on their overall impression of a person – and when they get the feeling some-
one can be trusted, then the basis for a working relationship is established.” Warmth, candor, long-lasting personal contacts are crucial values in business, as are spontaneity and flexibility. Paper is just paper, so the spoken word is at least as important as a schedule or contract. And criticism is expressed indirectly, if at all – therefore the ability to read between the lines is an indispensable quality.

Anyone open to this business style can win the Russians’ hearts. “But you have to prove to them that their trust is justified in the long term through a consistently good performance,” Christina Winter adds. That requires a thorough understanding of the other culture and a willingness to compromise. She gives an example: “I always tell my staff that they should not sort out the question which is all the more difficult to answer because Russia’s regional administrations and social systems still vary substantially in terms of their development and infrastructure. For example, there are still no consistent national reimburse-
ment regulations for dialysis. In some provinces, the funds come from the national health insurance system, and in others from the federal government coffers. “That’s why we always adapt our business model to the local conditions,” Myagkov explains.
“STRENGTH PARTNERSHIPS WILL CONTINUE TO MATTER LOCALLY. WE MUST CONVINCE THOSE RESPONSIBLE IN THE DIFFERENT REGIONS OF OUR QUALITY AND RELIABILITY.”
“SUCCESSFUL COOPERATION REQUIRES AN UNDERSTANDING OF THE OTHER’S CULTURE AND BEING WILLING TO COMPROMISE.”

Dr. Aleksey Myagkov, Christina Winter and Professor Konstantin Gurevich (from left to right) have been working together closely for many years. The fact that their mutual business language is Russian helps make their teamwork so successful.

Professor Konstantin Gurevich, medical director of Fresenius Medical Care in Russia, at the Medical Academy for Postgraduate Studies in St. Petersburg, where he is also head of the nephrology department.
The Medical Academy for Postgraduate Studies in St. Petersburg was founded in the 19th century at the order of the czar. Today, doctors and nurses from all over Russia are trained here.

The photographs in Professor Gurevich’s office attest to an eventful life. As a student, he was acquainted with one of the most renowned doctors in the country. Today he himself is a well-known nephrologist and an authority in his field.

Professor Gurevich leads the dialysis training sessions for Fresenius Medical Care's doctors and nurses. It’s also important to him that he is there for his employees at all times.

“EXPERIENCE IS THERE TO BE PASSED ON.”
Professor Konstantin Gurevich is a cordial man. He welcomes all visitors, colleagues and students alike, with the same warm smile. He proudly wears his white coat as if it was full military dress. Underneath it, his suit and tie are immaculately arranged. He is convincing on a personal level first and foremost. “A doctor will invite me into his office, and we first talk at length about the weather and our families – and when we have got to know each other and sized each other up a bit, then we go on to discuss business matters,” he reveals.

A cramped elevator jerks upwards. Aleksey Vaganov-Panikarovsky leans against the back wall. Black buttons peer out of a lopsided control panel next to him and a small lamp gives off a weak light. The elevator door opens on the top floor. Vaganov-Panikarovsky shows us the way along a corridor under a sloping roof. He stops in front of a white wooden door, softly presses a crooked backs lug enormous cooking pots. The scent of fresh piroshki, a Russian national dish, dispels the incense for a while, and then it simply smells of hospital again.

Apart from intercultural sensitivity, she also cites the ongoing transfer of expertise as a further major reason why the Company is now the market leader in Russia. From the outset, the Company placed great importance not only on introducing its products to the country and the region, but also communicating its medical and technological know-how in all matters related to dialysis. “We train the doctors and dialysis nurses in our clinics according to Western standards and make sure that they are able to participate regularly in scientific events and forums, such as the conferences organized by the Russian Dialysis Society,” Christina Winter explains. “Our customers and the patients are thoroughly trained in handling our products. We organize and support professional conferences in Russia with international nephrology experts – including simultaneous interpretation into Russian, of course,” says Christina Winter. Many Russian and Eastern European physicians would find it difficult to follow the lectures held in English. For many doctors, events such as these are the only opportunity for professional exchange with colleagues from abroad or other parts of Russia.

Perhaps the most important hub for the transfer of knowledge and expertise in Eastern Europe for Fresenius Medical Care is the Medical Academy for Postgraduate Studies in St. Petersburg. This venerable institution was founded in the 19th century by order of the czar. Today, the worn linoleum floors of its affiliated clinic reflect the flickering light of old neon light tubes. Nurses, patients and visitors hurry through the labyrinthine corridors. As if from another world, a priest suddenly steps out of one of the rooms into the corridor with a dignified demeanor. The gold webbing on his heavy brocade train has an almost mystical glow. “Amen – and God bless you,” he hums in a Russian singsong. The old man with his white bushy beard blesses people in the corridor with holy water, accompanied by his sustained murmuring. The air is filled with incense and the world seems to come to a halt for a moment. The people pause in contemplation, cross themselves, some kneel, some receive his blessing and then continue on their way with x-rays under their arm or pushing hospital beds in front of them. Old women with crooked backs lug enormous cooking pots. The scent of fresh piroshki, a Russian national dish, dispels the incense for a while, and then it simply smells of hospital again.

We have been able to continuously boost our market share in the past. This long term investment in the location was also good for our reputation. It created trust.”
"THE PROFESSIONAL REQUIREMENTS ARE QUITE DIFFERENT FROM WHAT THEY USED TO BE. WE NEED EMPLOYEES WHO ARE ABLE TO MEET THESE DEMANDS."

The most important hub for the transfer of knowledge in Eastern Europe for Fresenius Medical Care is the Russian city of St. Petersburg. This is where the Company's doctors and dialysis nurses receive further training.
he advocated the use of Fresenius Medical Care’s high-quality equipment in the hospitals under his responsibility. Now his job is primarily to ensure that Fresenius Medical Care’s employees in Russia and other Eastern European countries also have access to the Company’s expertise and knowledge. Gurevich is in charge of the nephrology department at the Medical Academy for Postgraduate Studies and in the hospitals it manages. He is responsible for training physicians and nurses from all parts of Russia. Doctors also come from the former Soviet republics to bring their knowledge in the area of dialysis and nephrology up to date. Some of his lectures are public, but others are reserved for Fresenius Medical Care employees.

Professor Gurevich places white porcelain tableware decorated with red flowers on his desk. He serves us tea and confectionery from boxes bearing greetings from colleagues, patients or students. His bookcase holds an old framed photograph showing Gurevich as a medical student during an operation. “The man next to me was one of the most famous surgeons in Russia at the time,” he says, smiling. Gurevich now knows almost all the renowned physicians in Russia and the bordering republics.

Here in St. Petersburg, Gurevich trains all the doctors and nurses who work for Fresenius Medical Care. “My goal is to enable a dialysis nurse in Ulyanovsk to benefit from the same experience and acquire the same knowledge as someone who works in Berlin or New York,” he explains. Gurevich is responsible for all of Fresenius Medical Care’s dialysis clinics throughout Russia, which he supervises from his office in St. Petersburg — and it is from here that he has access to the clinical treatment data of all centers. Every Tuesday, he holds a phone conference which all of the Company’s clinics in the country can join. In it, the clinics’ medical results are discussed. With particularly difficult medical cases, they also debate how to best tailor treatment to the needs of the patients. “But ultimately, I am here for all of our employees, to answer their questions, every day and all day,” Gurevich says in an authoritative and fatherly way.

He also frequently travels across climate and time zones to the more remote corners of this gigantic country, to get a first-hand impression on location. He has managed this workload for many years. As a young doctor, he was in the war in Afghanistan, and also in Vietnam. “I have seen a lot,” Gurevich says, and one can only guess at what lies behind such a statement. Perhaps that is why this man is so full of zest for life and action. He still has one major ambition: to set up his own training institute, an academy for the employees of all Fresenius Medical Care clinics in Russia. Until then, the Company will have to rely on the state certificates awarded by the academy in St. Petersburg. Gurevich is working on obtaining this state certification for a future Fresenius Medical Care Academy. “This would allow us to pass on our expertise to a much greater extent than we can so far,” Gurevich believes. He hopes to be able to open his academy in 2012 at the latest.

Managing director Aleksey Myagkov considers these efforts to train and educate Russian employees to be very important. “So much is changing in this country and the professional requirements are quite different from what they were a few years ago. We need employees who are able to meet these demands,” Myagkov says. To spread a company’s philosophy, the employees must also be able to experience it. This is why almost all Fresenius Medical Care’s Russian employees visit the headquarters of the parent company in Bad Homburg at least once. Managers such as Dr. Myagkov or Professor Gurevich come here regularly for an annual conference. Then their German colleagues like Christina Winter have abundant opportunities to speak Russian with them.
Dominik Wehner, responsible for the majority of Fresenius Medical Care’s business in Eastern Europe, on the Company’s strategy in the region in general and Russia in particular – and why the Group headquarters in Germany can define a strategy for growth in these countries, but never replace the expertise of the employees who live and work there.

Mr. Wehner, Eastern Europe encompasses countries from Bulgaria to Poland, Romania, Ukraine and even Russia with a huge cultural diversity – is it possible to talk about a single Eastern European market at all?
Of course, we have varied political systems in Eastern Europe; some countries are in the EU, others aren’t – Eastern Europe is something different in each country. But in general, for us as a company, it is an attractive growth region with a lot of things happening, and not just since Perestroika.

What market potential do you see in Russia in particular?
In addition to macroeconomic factors such as a country’s per-capita income and gross domestic product, and how much the health system contributes to this, as a dialysis company we also define the potential of a market using what we call prevalence. This is the number of dialysis patients per million inhabitants. In Russia, prevalence is still only around a quarter of what it is in Poland, and a sixth of what it is in Germany. But the emphasis is on “still”: Because this number doesn’t mean that fewer people in Russia suffer from chronic kidney failure. What it shows is that access to treatment is still very restricted. Quite simply, there is no sufficient infrastructure in place for patients yet, which means that there is plenty for a company like us to do. Nevertheless, we can’t just go there and start working right away.

Why not?
In any market, as a provider of medical services we first have to ask ourselves a basic question: Is a private company like Fresenius Medical Care permitted to operate dialysis centers there at all, and under what conditions? The answer depends to a large extent on the country’s health system and legal framework. And when we look at a country like Russia, a former socialist state, still with a centralized government, without homogenous national standards for the quality and reimbursement of dialysis services, and with many health policies left over from the socialist era, other, more elementary questions come to the fore. Because of the country’s history, people tend to view the state as being the primary provider of health care services, more so than in the west, and often only trust the state to carry out this role. Private health companies like us often have to overcome initial suspicions: Are they just here to get rich quickly at the cost of patients? So first we have to build trust and prove that we’re here to stay. And that our expertise in dialysis can help to improve the quality and efficiency of the health system in the long term.

How do you go about convincing people of this?
To begin with, we benefit greatly from the good reputation of Fresenius Medical Care and its products. Our name stands for high quality in dialysis patient care. Secondly, we can prove that we’re interested in a long-term commitment. During the 1998 financial crisis, when most foreign investors pulled out of Russia, we stayed. That made a very positive impression on our partners.
there, as is evident from the growth in our market share for dialysis products by over 10% between 1998 and 2000 alone. Today, we are the undisputed market leader.

Will there be more private dialysis centers in Russia in the future?
Yes, we see a clear trend. Although it has perhaps taken longer to get started than in other countries. In Poland, over half of dialysis patients are treated by private providers and in Slovakia the figure is over 90%, while in Russia it’s only about a fifth. For the last two years, Fresenius Medical Care has been investing heavily in building and expanding its own dialysis centers. In 2010, we doubled the number of our clinics by acquiring five centers in the Krasnodar region. Currently, we treat over 2,000 patients in Russia. However, because there is no system in place to coordinate private dialysis service provision at the federal level, the conditions differ greatly from region to region. But we are convinced – and our success goes to prove this – that our strategy will help us succeed in what we consider to be a very attractive growth market.

And what is this strategy?
It includes several key elements: our credible long-term commitment I already mentioned, the high quality of our products and services, our flexibility that allows us to adapt our offerings to different conditions, and a local approach, in other words trusting our people on the ground. They see the reality of Russia with Russian eyes, far from all the clichés that so often prevail in the west, and without the distorted picture that the media in Germany and other countries so often portray. Our Russian colleagues know the local situation best, and that knowledge is irreplaceable. Thanks to all this, the regional health care authorities and the state health insurance in Russia see us more and more as a preferred partner and conclude contracts with us to provide patient care. Our services are flexible, based on a modular principle. We offer packages that customers can add or subtract individual services to or from, such as lab testing or patient transport to clinics, depending on the regional needs. We only have one condition: We never compromise on quality.

How do you keep track of all the many countries, regional models, and political systems from faraway Bad Homburg?
For one thing, as I already mentioned, we rely on the expertise of our local colleagues. For another, we have Company-wide instruments in place that ensure the quality of our services in Eastern Europe and beyond, whether in Portugal, Poland, South Africa or Russia. For example, to measure the medical quality of our therapies, we use a data management system that is unique in our industry. The challenge is to train all of our employees to understand, use, and evaluate these instruments. That’s why we put so much effort in personnel development and knowledge transfer.

Where will the Company’s focus in Eastern Europe be in future – services or product sales?
We’re a vertically integrated dialysis company that offers both products and services very successfully, so it’s hard for us to think in either-or categories. Especially since we are seeing that comprehensive solutions for patient care that combine both products and services are increasingly in demand. So I would prefer to answer from a different perspective: The patient always comes first. With our know-how, investments, and offerings, we can contribute to ensuring that more patients in Eastern European countries have access to treatment in the first place, and that this treatment is at a consistently high level of quality. That creates a win-win-win situation, for patients, Fresenius Medical Care, and ultimately for society. We’re working towards making this approach our trademark in Russia.

Your company made a major investment at the beginning of 2011 by acquiring the clinic business of Euromedic for €485 m. It takes investments of this magnitude to enable us to continue growing in Eastern Europe. Once the local antitrust authorities have approved the transaction, Fresenius Medical Care will have over 70 additional dialysis clinics in the region, primarily in Russia, Poland, Romania, Turkey, and in the Balkans.

Fresenius Medical Care is now also producing peritoneal dialysis solution in Russia. Could local production become a third pillar of your Eastern European business, alongside product sales and services?
We’re looking at this closely. Vladimir Putin recently said that Russia needs to become more Russian again. He called for more products to be manufactured in Russia, including medical products. Naturally that could mean an opportunity for us to expand local production.

Wouldn’t that mean giving up your “Made in Germany” selling proposition?
As a worldwide company, this is becoming less and less important. The bag systems filled with pd solution that we produce in Russia are identical in quality and design to the ones we make in Germany. On the contrary, we are delighted that we have been able to establish “Made by Fresenius Medical Care” as a mark of quality in Russia.
A MAN FOR EMERGENCIES

— SANTO DOMINGO —
DOMINICAN REPUBLIC
Dialysis supplies from Fresenius Medical Care on their way to Haiti.
Dr. Babajide (pronounced ba-ba-ji-day) Salako is responsible at Fresenius Medical Care for handling natural disasters and pandemics.

It is a hot day and the humid tropical air lies heavy and inert on the airport landing strip in Santo Domingo, the capital of the Dominican Republic. Just a few days earlier and no farther than 1,000 kilometers away from Miami, Florida, the earth had shaken, plunging the Caribbean country of Haiti into a profound tragedy. Now, in the glimmering midday heat, aircraft are touching down on the runway, one a minute. But instead of the usual tourists, they are bringing relief supplies from around the world.

The airport’s depots are bursting at the seams: Everywhere there are boxes and containers, and in the midst of them all rescue workers. Dr. Babajide Salako makes his way through the crowds of sweating people frantically running around. At his side a customs official. They rush from one depot to the other. For some time now, they have been wandering down the rows of meter-high shelves, studying the shipping labels on the containers, giving each other puzzled looks and shaking their heads.

Salako landed here yesterday on board an airplane carrying dialysis machines, bloodlines, dialyzers and drugs to the crisis region – approximately twelve tons of dialysis equipment in total, which he had managed to put together within the space of just a few days with the help of several Fresenius Medical Care employees in the U.S. He had tracked down the charter plane in Florida, at a time when the media was reporting that there was a lack of airplanes to transport the many relief consignments to Haiti. He then flew to Santo Domingo with the supplies donated by Fresenius Medical Care in the freight hold to make sure that they reached the “Doctors Without Borders” organization in Haiti. And now it seemed that these supplies had vanished without a trace.

POWERLESSNESS AND HELPLESSNESS

In hindsight, it seems almost inevitable that Babajide Salako should have become responsible at Fresenius Medical Care for handling natural disasters and pandemics. After all, he grew up with crises of this type.

In Nigeria, where the rivers near Ibadan, the place he was born, regularly flooded whole villages, he experienced as a child the powerlessness and helplessness of the authorities. Salako believes that this chaos is the reason why he feels so passionate about planning today. Even as a teenager he would watch news of natural disasters around the world on television. Not out of curiosity but rather out of a serious interest in how people dealt with them. “Even back then I had the impression that the tragedy didn’t only lie in the natural disasters themselves but also in the unsatisfactory manner in which people prepared for them,” he says today. Salako works in the offices of Fresenius Medical Care in Washington, D.C. He speaks in a very quiet voice, almost as if he is deliberately trying to remain calm in view of the devastating topic. But his hands moving constantly back and forth from coffee mug to smartphone reveal his agitation deep down inside. Time and again, he stands up to get himself more coffee or a piece of paper, or apologizes for having to take an important phone call.

TOO LITTLE TIME

Babajide Salako was also sitting in his Washington office when the International Society of Nephrology’s renal disaster relief task force (RDRTF) officially asked Fresenius Medical Care for help in Haiti in January 2010. The fate of sufferers of kidney disease in large-scale disasters rarely makes headline news. They don’t appear in television footage. Compared to the total number of victims, the numbers involved are for the most part small, but for these people a situation like the aftermath of the earthquake in Haiti is just as life-threatening as the natural disaster itself. Furthermore, survivors of such a disaster are prone to developing acute renal failure due to crush injuries, and may also need urgent dialysis care to stay alive.

The lives of dialysis patients are dependent on the infrastructure: on clinics with functioning equipment, an intact power supply, ultrapure water and deployable staff. If these clinics are destroyed, dialysis patients can’t afford to wait weeks or

Fresenius Medical Care is a world market leader.

We are the biggest dialysis company by far.

In the event of a large-scale disaster, we are often the only ones on site who can come to the aid of dialysis patients. If we don’t, nobody will.
even months until the damage has been repaired. Typically they need treatment three times a week.

A lack of infrastructure, an increase in the number of patients and very little time mean only one thing for Babajide Salako: He has to act very quickly in his job.

The two large screens on the wall of the conference room in his Washington, D.C. office connect him to the outside world. It was via video link that a colleague from Doctors Without Borders gave his impression of the situation in Haiti back in January 2010. Salako discussed and coordinated the upcoming activities with colleagues and key senior management personnel at Fresenius Medical Care in the U.S. Everyone was aware what needed to be done in such a situation: where to obtain machines, drugs and dialysis accessories; what was needed; where it had to be taken to. Only Salako knew how he was then able to charter an aircraft when many governments and aid organizations were bemoaning the lack of cargo planes.

ALWAYS AFFECTED
A large reinsurance company recorded 950 natural disasters in 2010. 295,000 people lost their lives, economic damage was estimated at $137bn. These figures are the most devastating in the last 25 years. “We are affected by each of these disasters somewhere and somehow,” Salako responds almost casually when asked why a functioning crisis management program is so important for the Group. “Fresenius Medical Care is an international company with more than 73,000 employees and an even larger number of patients around the world,” he says. Flu viruses, floods, earthquakes, hurricanes or forest fires – all of these always affect at least one dialysis clinic, its staff and patients somewhere in the world.

“But it is not only about our own facilities,” says Salako, “Fresenius Medical Care is a world market leader. We are the biggest dialysis company by far. In the event of a large-scale disaster, we are often the only ones on site who can come to the aid of dialysis patients. If we don’t, nobody will.” Salako talks about the responsibility of the world market leader and its unique experience in the field. After

Even back then I had the impression that the tragedy didn’t only lie in the natural disasters themselves but also in the unsatisfactory manner in which people prepared for them.

LIFE-SAVING FREIGHT
Fresenius Medical Care donated around twelve tons of dialysis equipment for the care of patients after the devastating earthquake in Haiti.
“What helps me is the fact that I am not a dogmatic person. I have been an immigrant for most of my life. I have lived in Nigeria, England and now in the U.S. In my life, I have seen and experienced a lot of things. This is what nowadays you’d call being flexible.”
all, the Company operates globally, can be on the spot almost anywhere in the event of an emergency, has the regional know-how once there, the necessary infrastructure, personnel and equipment. Add to this the accumulated know-how of the whole organization, enabling it to develop solutions to problems in all areas of dialysis thanks to its network with experts from around the world.

Fresenius Medical Care is well aware of its responsibility. “Here, I can do my job without any limitations,” says Salako appreciatively. This also means that, if need be, he can charter an airplane safe in the knowledge that his employer will bear the costs, even though Fresenius Medical Care does not operate any clinics in Haiti.

Of course, Fresenius Medical Care is first and foremost a for-profit company. Bill Numbers, in whose disaster response team Salako is a member, underlines this. “We are not a charity organization,” explains Numbers — see interview on page 51. However, there are ways to provide help in a cost-effective manner. It is possible to do what is required with good planning and careful preparation without spending huge amounts of money.

According to Salako, the crisis management program run by Fresenius Medical Care has also gained recognition among experts. In 2010, the Company received an award for its professional crisis management and its exemplary collaboration with external crisis operations from the IAEM, a non-profit organization that campaigns internationally for professional disaster management. In 2010, Babajide Salako was also honored personally for his remarkable commitment in Haiti with a prize from the KCER, the Kidney Community Emergency Response coalition of the u.s. dialysis industry, whose work in Haiti he played a significant role in coordinating.

LEARNING FROM DISASTER
Babajide Salako says this recognition makes him feel “really very proud”. It is a confirmation of the great effort made throughout the Company in this area. “Preparing for catastrophes must be an integral part of all corporate processes,” he says. “If a disaster occurs anywhere in the world, then we need to have secure processes and structures in place to be able to react as efficiently as possible.”

When he is working in his Washington office, he often grabs some paper and a pencil and creates crisis scenarios in which he enacts “what would happen if” situations. From this, programs emerge that eventually reach all departments of Fresenius Medical Care as “corporate global disaster responses”. Salako also develops emergency exercises and carries them out, evaluates the results, modifies them and gets both colleagues and patients to practice them. And at some point the exercises also need to prove their worth in a real emergency. “Each exercise can only ever prepare us for one part of the difficulties that can arise in the event of a crisis. So we use the experience of our disaster response team, evaluate the effects for the Company and integrate the findings in the future development of our emergency planning,” says Salako.

An example of this is the development of the “Fresenius Town”, a self-sufficient mobile tent and trailer village, which came about as a reaction to the experience gained from the hurricanes on the west coast of the u.s., and is now erected as a preventive measure ahead of expected natural disasters such as hurricanes. This emergency accommodation has its own power and water supply, is equipped with an internal communications network and can be used as a substitute clinic if important infrastructure is destroyed. Staff members from other Fresenius Medical Care clinics in the country are released from their regular duties as a precautionary measure and flown in as required. “After Hurricane Katrina, we were the only ones for a while who still had electricity,” says Salako. For several days, Fresenius Medical Care also treated patients of other dialysis providers. The fact that this treatment is also reimbursed, thanks to agreements entered into some time ago with the u.s. government, is a further element of this comprehensive crisis management program.

EMERGENCY AID ARRIVES BY CRUISE SHIP
In Santo Domingo, the sun embarks on the final stretch of its daily path, heading
“The recognition we received for our crisis response work last year makes me feel very proud. It is a confirmation of the great effort made throughout the Company in this area.”
Each exercise can only ever prepare us for one part of the difficulties that can arise in the event of a crisis. So we use the experience of our disaster response team, evaluate the effects for the Company and integrate the findings in the future development of our emergency planning.

“Each exercise can only ever prepare us for one part of the difficulties that can arise in the event of a crisis. So we use the experience of our disaster response team, evaluate the effects for the Company and integrate the findings in the future development of our emergency planning.

A STRONG SENSE OF COMMITMENT

Babajide Salako is grateful for how his life has turned out. He would like to give something of that back. He has a dream.
directly for the horizon. It is already late afternoon and still airplanes are landing at a rate of one per minute. A cool breeze from the coast blows the heat off the airport tarmac. Babajide Salako and the customs officer have finally found Fresenius Medical Care’s supplies. Dr. Rodriguez from Doctors Without Borders is already filling in the customs documents with Salako. He will now take charge of the goods, transport them on to Haiti by ship and hand them out there. The men look tired. They keep their conversation to a minimum. Salako has done his job for the time being. He flies back to the u.s.

A few weeks later, he travels to Haiti to gain a general idea of the situation. A few hours earlier he was sitting in the air-conditioned conference room in Washington, now he is stumbling across a never-ending scene of destruction. Dr. Rodriguez greets him in one of the tents of Doctors Without Borders. The dialysis equipment provided by Fresenius Medical Care is already serving its purpose and is being used to treat patients. Everything else still seems makeshift but Salako is satisfied: Life-sustaining dialysis is assured for a large number of people for the time being.

To ensure that the situation in Haiti continues to improve, Fresenius Medical Care resumed its support over the last few months. For his part, Babajide Salako did what he does best: planning. From his Washington office, he coordinated the provision of dialysis for patients of the hospitals in Port-au-Prince. He also made contact with the u.s. Navy. The navy hospital ship moored off the coast of Haiti is now equipped with dialysis units and acute patients have since been receiving therapy on board. Thanks to Salako’s connections with a tourism company, a number of dialysis machines have also been transported on board the company’s luxury cruise liners to the tour operator’s resorts in Haiti.

**MANY PATHS, ONE GOAL**

What do you need to do this job? Salako wipes the table a couple of times with the flat of his hand before answering. “What helps me is the fact that I am not a dogmatic person,” he says. “I have been an immigrant for most of my life. I have lived in Nigeria, England and now in the u.s. In my life, I have seen and experienced a lot of things.” He smiles a little as he says this. “This is what nowadays you’d call being flexible.” For Salako, this means that there is never just one path, but only one goal.

After work, when he puts the disasters and pandemics to the back of his mind, Salako is a passionate reader. He enjoys spending time with his wife, son and two daughters. He likes to cycle. When asked what his hobby is, he gives the question some consideration before answering: “Airplanes. I like to photograph airplanes.”

Once a year, he travels to Nigeria to visit his parents. The childhood he spent here was not your African cliché. His father was a doctor and professor at the university. There was no poverty in his life. He studied in England. Babajide Salako would like to give something of that back. He has a dream: For some years now, he has been meeting on a regular basis with prominent stakeholders in health care from Africa. His great ambition is to set up a modern dialysis infrastructure on the continent and he is pursuing a number of paths to achieve this. “I still have a lot of work to do in educating the population on the existence of diseases such as kidney failure and the possible ways of treating them,” says Salako. He hopes one day that there will be Fresenius Medical Care clinics in his home country of Nigeria, just like there are in the u.s.

Yet, there is one habit that he hasn’t given up even today. Just like when he was a teenager, he still watches news from around the world with interest, especially news about natural disasters – and how people respond to them.

**PEACEFUL HAVEN**

In his free time, Dr. Salako most enjoys spending time with his family – or reading a book.
Bill Numbers, Vice President of Fresenius Medical Services Operations Support, a division at Fresenius Medical Care North America, is also the “incident commander” for the Company’s disaster response team in the U.S.

Was there a special reason for setting up a crisis management program at Fresenius Medical Care North America? Yes. Eight years ago, one of the largest power outages in the history of the U.S. brought six states to a standstill. This emergency made us realize that we needed a centrally coordinated crisis management program to be able to treat our patients and enable our staff to fulﬁl their duties even in an emergency situation.

Which weaknesses were brought to light back then? The main weakness was that up until then, the measures in place locally were not suitable for dealing with a crisis covering a large geographical area. Emergency plans existed back then for individual clinics. However, these are not much help in the event of a power failure across six states at once affecting hundreds of clinics all at the same time. We did manage to get the situation under control and were able to take care of our patients — but only with a signiﬁcant effort on the part of our staff and at a comparatively high cost. If we had had a centralized crisis plan back then, we would have been faster and more efﬁcient.

What goal has the disaster response team set itself? First and foremost, it has two tasks: emergency planning and disaster relief operations. In the event of an incident, a particular leadership structure comes into force within our team with precisely deﬁned reporting lines: I myself assume overall responsibility for managing the operation; all other roles are ﬁlled by people from the different divisions within the Company.

So all Company divisions are involved in crisis management? Yes, after all, our main task is to maintain all of the Company’s functions. That is why crisis management is part of the operational business of all divisions. For example, when there was the threat of a bird ﬂu pandemic, we conducted a risk assessment of all subdivisions of Fresenius Medical Care North America. Each division, whether communications, ﬁnance, management, accounts, clinics, production or sales, developed its own speciﬁc emergency plan in the event of such a pandemic according to the guidelines contained in our emergency planning. We also made sure that there were sufﬁcient supplies of protective face masks and antivirals like Tamiflu, which we kept on standby in various distribution points across the country.

How did you choose the members of the disaster response team? Our emergency command structure is made up of representatives from all departments within the Company. Management staff in the operating business also assume a managerial position in the crisis team. They receive the required training, take part in exercises and involve their employees in emergency planning. We also have so-called “mayors” — specially trained employees who, in the event of a disaster, are in charge of our “Fresenius Towns”. There, they ensure that safety and the supply of fuel, food and trailers are maintained.

Does the Company always shoulder the responsibility for such emergencies alone? In the event of a serious crisis such as a natural disaster, coordination with the authorities and the government is also important. For this purpose, we are part of the KCER, the Kidney Community Emergency Response coalition in the U.S. dialysis industry. It is made up of representatives of patient and professional associations, dialysis providers like ourselves, hospitals and authorities such as the Centers for Medicare and Medicaid Services (CMS), the authorities of the government healthcare program in the U.S. The KCER stays in close contact with government ofﬁcials and local emergency response teams, which have been set up in the individual municipalities. One of our main activities in crisis management is to help coordinate the work of the KCER.

For example, we were heavily involved in coordinating the relief operations in Haiti.

Don’t these efforts involve huge ﬁnancial expense? How is that justiﬁed? Thanks to these efforts, we can keep the financial burden caused by disasters as low as possible. You see, with our large network of dialysis clinics, we are almost always affected in the event of a natural catastrophe in one way or another. But if we can manage, as we did during Hurricane Katrina, to care for all our own patients and for some 1,000 additional patients from other dialysis providers because we have taken the correct precautions, then a precisely deﬁned crisis management strategy is the best solution both in economic terms and for the well-being of patients.

Crisis management is part of our operational business.

“...
Peritoneal dialysis, like home hemodialysis, is a form of therapy which can give patients more independence and more freedom in shaping their everyday lives. However, we are always there for our patients during this process, as is demonstrated by the example of Rolf Lösch and dialysis nurse Patricia Waiblinger, who advises him about treatment as well as some of the everyday challenges he faces.

“IT’S EASIER TOGETHER”

“...makes my day-to-day life a lot easier and always gives me the strength to carry on.”

“We talk to each other a lot. Even though my husband carries out his treatment sessions on his own, I want to be there for him as much as I can.”
I work as a manager in the Investor Relations division. In my job, I’m a contact for analysts and investors, I respond to queries and work with others on the various publications for the financial market. During the week, I carry out dialysis treatment twice a day at work: once around noon and again just before I leave. In addition, at home I do one session in the morning after getting up and one just before bedtime.

Each treatment takes around 40 minutes, considerably reducing my daily leisure time. But I’m determined to work full-time, and it’s easier for me to do this with peritoneal dialysis than with treatment in a clinic.

When I was at university, the doctors diagnosed inflammation in my kidneys. Its cause was never determined. At the end of my studies, I was in such a bad state that I needed dialysis. Later, I was able to live a normal life again for nine years thanks to a kidney transplant. Back then I worked in the Controlling division and then in Internal Auditing. I had to go on a lot of business trips, including to India and China – I really enjoyed that and I do sometimes miss it. Over the past few years, the donated kidney has deteriorated continually, so I have had to start dialysis therapy again since last year. But I can live with that as it was clear from the start that the donated kidney wouldn’t function for the rest of my life.

Since I became ill, I’ve become much more security-conscious. Things such as career planning and financial security have always been high on my list of priorities. The help I receive from my friends, family and particularly my wife is also very important to me. She supports me and takes lots of things off my hands to free up the time I need for dialysis.

Peritoneal dialysis
In this type of dialysis, the patient’s peritoneum, which is well supplied with blood, is used as a naturally existing filter membrane. The peritoneum lines the entire abdominal cavity. Via a permanently implanted catheter, two to three liters of a dialysis solution are introduced into it several times a day, where they pick up toxic metabolites by osmosis. The fluid is also drained off via the catheter. This method allows patients a lot of flexibility when it comes to scheduling since they do not need to visit a clinic to have treatment, and they are less restricted in what and how much they eat and drink. Peritoneal dialysis requires a high degree of personal responsibility, and in particular a high awareness of hygiene.

Work and dialysis can often be combined better than you would think. For many years now, I have accompanied patients on their path to independent dialysis. Performing your own treatment does not mean you are alone. With Rolf Lösch, for example, I looked for an appropriate place at work for his dialysis. I wanted him to feel safe and undisturbed.

For me, it is important never to make decisions on behalf of the patients, never to push them. Patients decide where and how they want to dialyze, and they determine the point in time from which they are ready to perform the treatment on their own. I help them with my experience from 20 years in this profession, give recommendations and guidance on aspects that support the success of the therapy, such as hygiene, anatomy and physiology, as well as the handling of PD systems and devices. I also like to get the patient’s partner involved. The partner has the closest contact to the patient and can provide a significant amount of support and motivation. I always remain a point of contact for patients – and they often need that since dialysis at work is often a psychological challenge: Having to leave a conference early to carry out a treatment session, and doing this on company premises, makes some patients feel very uncomfortable at first. Others have existential concerns: Will they succeed in managing their workload as well as their healthy colleagues?

I try to sensitize nurses and doctors to the concerns and needs of patients. It is not only about medical issues. The patient is also part of a family, a partner in a relationship or an employee at work. We must support each patient individually – to whatever extent they want and need our help.
In 2010, our employees once again cooperated successfully with the Company’s partners to boost the quality of life of our patients all over the world.

THANK YOU

FRESENIUS MEDICAL CARE WOULD LIKE TO THANK ITS PATIENTS, PARTNERS AND SHAREHOLDERS FOR THEIR CONFIDENCE IN OUR COMPANY. WE ALSO THANK ALL OUR EMPLOYEES FOR THEIR DEDICATION AND COMMITMENT IN THE PAST YEAR.

Your Fresenius Medical Care Team